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November 30, 2004

Ex Parte

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Presubscribed Interexchange Carrier Charges, CC Docket No. 02-53

Dear Ms. Dortch:

Yesterday, Joe DiBella and the undersigned of Verizon met with Jennifer McKee, Alvaro Gonzalez and Jim Lichford of the Pricing Policy Division to discuss the above proceeding. The handout provided during the meeting is attached. All issues discussed are consistent with Verizon's position on the record. Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Ann D. Berkowitz".

Attachment

cc: Jennifer McKee
Alvaro Gonzalez
Jim Lichford

PIC CHANGE CHARGE

CC Docket No. 02-53

Verizon Communications

November 29, 2004

Bifurcated PIC Charges Would Add To Customer Confusion with No Benefit

- Customers would have difficulty understanding the difference between ordering PIC changes through the IXC vs the LEC
- Consumer education would be costly and ineffective
- Service representatives would have to spend more time explaining the different charges and when they apply
- A small difference in rates would have little or no impact on customer choice in calling IXC vs LEC business office
- A difference in rates would not affect IXC behavior, as IXCs already use electronic PIC orders for substantially all of their orders

Bifurcated Charges Would Be Costly to Administer

- It would cost Verizon over \$3 million just to do bill inserts to explain bifurcated PIC charges to customers
- Additional costs would be incurred to train service representatives to explain the different rates to customers
- Costs of PIC changes would be higher than shown in Verizon's exhibits due to the additional time to explain the differences in PIC charges
- Billing system changes could take up to 8 months to implement

A Single Rate Does Not Constitute A Cross-Subsidy

- Rates always represent average costs of different types of activities necessary for particular orders
- LECs process PIC orders for both affiliated and non-affiliated IXC's using the same manual and automated processes
- Both affiliated and non-affiliated IXC's submit PIC orders electronically using the CARE process
- The single PIC charge imposes part of the costs of equal access administration on end users on a nondiscriminatory basis
- Since price caps were initialized based on the \$5 PIC, a reduction in the PIC charge for mechanized orders or a failure to recognize the higher cost for manual orders would require an offsetting increase in the price cap indexes